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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 002565

SIPDIS

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SUBJECT: CIVAV: ARMENIA REGISTERS AIRLINES OPERATING
EXCLUSIVELY IN AFRICA

REF: YAOUNDE 01234

Classified By: DCM A.F. Godfrey for reasons 1.4 (b) and (d).

SUMMARY

1. (C) The November 26, 2004 sentencing of six Armenians (a pilot and crew) in Equatorial Guinea for aiding the overthrow of President Obiang's government (reftel) is a reminder about the business-end of Armenia's "don't ask, don't tell" policy on airline registration. Armenia's Directorate of Civil Aviation licenses a dozen cargo airlines that operate exclusively outside Armenia -- more than the number of airlines that operate inside Armenia. According to the GOAM, cargo airlines find it "convenient" to register their companies and planes in Armenia even though they operate between Russia and African states or solely between African states. Not least of these conveniences is that Armenia lacks the resources to carry out inspections or to oversee the airlines operating abroad, letting these planes fall into a regulatory black hole. Suddenly worried that accidents abroad could call attention to their nonfeasance, Armenia's Civil Aviation authorities are trying to make agreements with aviation authorities of various African states to assume partial regulatory oversight of the aircrafts. We see little legitimate benefit to Armenia from licensing these airlines, but the reputation risk could be great should too many of the planes prove unsafe or turn up being used for criminal purposes. End Summary.

ARMENIA: A LIBERIA FOR AIRLINES?

2. (C) The Director of International Relations for the Directorate of Civil Aviation, Karen Zadoyan, told us that many private cargo airlines operating Russian aircraft in Africa find it easier to register their planes and businesses in Armenia than elsewhere. This creates a problem for the Directorate of Civil Aviation because they lack the resources to oversee the operation of the planes, which occurs exclusively outside Armenia. According to Zadoyan, Armenian planes are filling an international niche, because Armenia still has the Soviet-trained pilots and crew to operate cheap Russian aircraft. He said that he does not believe that lack of oversight is a factor in why these airlines choose to register in Armenia.

3. (C) According to Zadoyan, these cargo companies have similar origins: middle-men from United Arab Emirates find Armenian business partners to set up airlines in Armenia. Although Zadoyan would not specifically name the Armenian owners of these airlines, he commented that airline companies must have partial Armenian ownership and frequently have Armenian pilots and crew. Zadoyan added that the planes should periodically fly to Yerevan for servicing and inspection. When we mentioned that the managers of Zvartnots, Yerevan's only commercial airport, didn't know anything about the airlines, Zadoyan replied that many of the airlines "find it more convenient" to land at Erebuni, Yerevan's military airport. (Comment: Among the conveniences at Erebuni airport are the lack of customs facilities and the denial of access to the public. End Comment.) Although Zvartnots International Airport should have a monopoly on all commercial cargo traffic, an airport official at Erebuni recently told the DATT that the airport had improved its runway for use for commercial cargo traffic.

WHAT ARE THESE PLANES CARRYING?

4. (C) Zadoyan said that his office doesn't ask or check what the cargo is on these planes, but he assumes it is mostly "clothes and food." Zadoyan said they would only investigate the cargo in the event that something happened. For example he mentioned that when an Armenian flagged plane crashed in the Sudan two years ago, its cargo was two tons of (unspecified) currency. As for the Armenian-registered AN-12 aircraft seized by the government of Equatorial Guinea resulting in the November 26 sentencing of six Armenian crew

members to 14 - 24 years of imprisonment, Zadoyan said that he did not know what their cargo was. Tiga Airlines' director, Boris Avagian, has made a public statement that the plane was carrying Russian supplies to oil companies operating in Equatorial Guinea.

COMMENT

15. (C) Armenia's self-acknowledged lack of resources to oversee these airlines risks making Armenia an attractive country of registry for those airlines seeking to avoid government oversight. Because these airlines do not fly cargo to or from Armenia, the Armenian government receives little legitimate benefit from licensing these airlines. Doubtless, Armenia's well-developed custom of turning a blind eye in exchange for bribes may have given it a comparative advantage in the registration of aircraft. But Armenia's civil aviation authorities have put their reputation and that of other Armenian flagged airlines at risk should one of these airlines turn out to be unsafe or used for criminal purposes.
EVANS